BRIDGE Housing

BUILDING SUSTAINING LEADING

BRIDGE HOUSING CORPORATION

BRIDGE PROPERTY MANAGEMENT COMPANY

BRIDGE ECONOMIC DEVELOPMENT CORPORATION

February 24th, 2021

Muammar Hermanstyne, Director of Real Estate Development
Africatown Community Land Trust
Submitted via email

Re: Term Sheet for Keiro Site Redevelopment

Dear Muammar;

Thank you for reaching out to BRIDGE regarding the opportunity to collaborate and coordinate with Africatown Community Land Trust (ACLT) on the redevelopment of the "Keiro" Site. We are excited for the opportunity to align our values and work in cooperation with ACLT on a project which holds a great deal of potential for low income and Black, Indigenous People of Color (BIPOC) in Seattle.

This project will require a sustained level of effort over a long period of time; initially three to five years. Long term, there will be a fifty-year obligation to the City, State and investors who fund the project. To be mutually satisfactory, the project must deliver neighborhood and community benefits while balancing the risks and rewards of the partners appropriate to their abilities. Mutual respect and open, ongoing and continuous communication will be needed to conceive, implement and manage the Keiro project.

Thank you for sharing your preliminary information for the project including the Purchase and Sale Agreement (PSA), key deal points and acquisition loan application submitted to the Seattle Office of Housing (OH). In reviewing the PSA, it appears that you were required to close on the property January 19th, 2021 and have three 30-day extensions that provide an outside closing date of April 19th. It is our understanding that in order to support a land acquisition loan with the City of Seattle they are requiring a takeout strategy for their $13,840,000. As you are aware, the timeline is tight to get to closing.

In an effort to support the Keiro development and ACLT, BRIDGE proposes to work collaboratively with Africatown over the next 45 days to determine a development plan for the project. This review period would include working with Africatown to confirm design concepts and financial models to confirm programming and meeting with (OH) regarding acquisition funding requirements and soft funding support for the project. The current design documents provided and acquisition funding application reference a 285-unit affordable housing project with funding provided by the City, County and 4% LIHTC program. Due to the existing assisted living building and affordable housing state of emergency, we will review not only a single large-scale building but also a phased project, allowing the current building to stay in use.

The following terms are set forth as the basis for an MOU between s BRIDGE and ACLT and will be used as a basis for a development agreement once the development plan has been agreed to:

Acquisition

1) In recognition of ACLT's advocacy to secure the property for development and in recognition that the site needs to be controlled by the Managing General Partner to secure construction financing and development approvals, the initial ownership shall be as follows: General Partner .01% (held 51% by BRIDGE and 49% by ACLT), land ownership 51% BRIDGE and 49% ACLT.

Pre-Development

2) Predevelopment Expenses will be allocated to BRIDGE and ACLT in proportion to the project ownership of 51%/49%. If no BRIDGE guarantee is required all predevelopment funds awarded for the project by OH will be credited to ACLT toward their percentage ownership in the project. If BRIDGE guarantee is required, the funds will be credited to the project as a project source.

3) BRIDGE will provide accounting services for the development and act as fiscal agent for all project funds. BRIDGE will provide monthly financial reports and BRIDGE will file annual taxes for the ownership entity. Please see draft predevelopment budget attached.

4) ACLT and BRIDGE will work together to apply ACLT's Community Development Project Partnership Framework to the Keiro Site to ensure an inclusive and equitable development.

5) BRIDGE Housing and ACLT will cooperate and coordinate on matters related to the following:

- Interim hold strategy during entitlements including but not limited to use as a shelter;
- Review of City of Seattle Office of Housing acquisition loan documents;
- Land planning and entitlements;
- Community engagement and involvement plan and protocols to ensure robust community engagement and consultation;
- Culturally-responsive resident services and selection of service providers and/or vendors;
- Design and construction specifications, timing and sequencing;
- Specific goals regarding minority business participation including BIPOC-owned companies;
- Messaging and public announcements including any press releases; and
- Mutual support for governmental approvals including Private Activity Bond Cap, Local, State Department of Commerce, Washington State Housing Finance Commission or Federal funding and fee waivers or exemptions.

Development

6) ACLT and BRIDGE will work in collaboration to design and develop an optimum number of affordable housing units upon the Keiro site located at 1601 East Yesler Way in the City of Seattle. The project is estimated to have 285 units in potentially a two-building execution with community-serving commercial, outdoor play and open spaces.

7) Project Development Fees will be split 60% to BRIDGE and 40% to ACLT.

Construction

8) BRIDGE Housing would serve as the Managing General Partner of the Partnership and cause the project to be built by a capable and experienced General Contractor which will be selected jointly by BRIDGE and ACLT. Because BRIDGE will be providing the completion and/or repayment guarantee on the construction loan, BRIDGE will need final authority on the general contractor selection.

9) BRIDGE would make commercially viable, best efforts to award a minimum of 30% of the construction contracts to African American-owned contractors and/or sub-contractors. Best efforts will also be made to provide a minimum of 30% of aggregate worker hours to African American workers.

   As the Managing General Partner, BRIDGE will guarantee completion of the construction project consistent with federal, state and local standards. As part of BRIDGE's scope of service, BRIDGE would obtain all permits, construction financing, builder's risk insurance, omissions and commercial general liability insurance necessary to complete the approved project. BRIDGE will list ACLT, our counterpart, as an additional insured. BRIDGE will also provide professional project management services and construction management oversight to ensure timely completion of the overall project.

Post-Development

10) Asset Management; BRIDGE will provide Asset Management services and be paid an industry standard fee. Additionally, we will ensure and maintain compliance over the fifty-year term of the regulatory requirement and comply with all federal state and local regulations. If, however, the ROFR is exercised by ACLT pursuant to section 12 below, then BRIDGE will have no continuing interest or responsibility to ensure compliance or maintain any manner of contingent liabilities for the performance of the property or compliance of the owner.

11) Property Management; BRIDGE and ACLT will jointly select an on-site property management company unless BRIDGE Property Management Corporation (BMPC) obtains a license to operate and stands up an office locally at least six months prior to the expected date of occupancy at the newly-constructed property.

12) Right of First Refusal/Option (ROFR); At the end of the initial fifteen-year tax credit compliance period, ACLT will have the ROFR on both buildings if there is a two-phase execution. If either party does not or have the interest or ability to act on their ROFR, the other party will have the option to acquire the building or partnership interest. The ROFR is subject to approval of the LIHTC Investor(s) as appropriate.

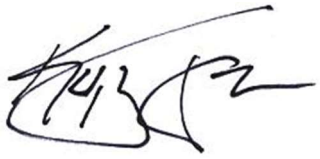
13) Community-Serving Commercial Space; ACLT will retain ownership of the commercial/flex community space which will be legally delineated as part of a commercial condominium for the overall project. It is intended that BRIDGE will deliver to ACLT a warm shell for completion by ACLT. ACLT will be responsible for furniture, fixtures, and equipment and a tenant improvement

allowance will be provided by the owner entity via fundraising or other funds identified to support the future tenants.

This letter is a preliminary description of the terms upon which BRIDGE and ACLT will negotiate agreements to move forward with the development and does not constitute a binding agreement of any kind on either BRIDGE Housing or ACLT. No binding agreement shall exist between BRIDGE and ACLT unless and until a joint development agreement or other expressly binding agreement is executed by the parties.

We look forward to working with you and the community on this vitally-needed project. If these terms are acceptable to you, we can incorporate them into a Memorandum of Understanding (MOU) which can provide the basis for the City of Seattle Office of Housing to provide interim financing for the acquisition of Keiro. I am prepared to take this project proposal forward for internal underwriting within BRIDGE Housing on March 9, 2021 and I would like your approval of the term sheet before then, to keep things moving. Should you have any questions about the foregoing proposed terms, please do not hesitate to contact me at 360-907-0513 or at kcreager@bridgehousing.com. We look forward to the opportunity to work with ACLT, you and K. Wyking Garrett personally.

Respectfully,



Kurt Creager
Executive Vice President
Bridge Housing Corporation

ACCEPTED:

K. Wyking Garrett, President & CEO Africatown Community Land Trust

Copies: Susan Johnson, Acting President & CEO
Becky Hlebasko, General Counsel
Brad Wiblin, Executive Vice President-Business Development
Martin Leung, Manager, Acquisitions & Planning